

# The Impact of Corruption and Unethical Conduct During COVID-19 Pandemic on Public Funds, South Africa

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**Abstract:** South Africa's history of service delivery is characterized by deficiencies such as stagnant delivery, unequal distribution, corruption, nepotism, political and administrative dichotomy, poor cadre deployment, lack of public accountability, lack of professional ethics, poor leadership and management crisis. The effects of this COVID-19 pandemic on the local economic development will be felt even long after the lockdown is over, it may have been necessary to saving lives of South Africans but it is killing an already dwindling economy. South Africa's economy was already in a tough position before the pandemic's arrival. In terms of Section 152 of the constitution of the Republic of South Africa (RSA 1996), one of the objectives of this new system of local government is to "promote cohesion, economic development and promoting accountability". This article/paper discusses the impact of corruption during COVID-19 pandemic on public funding that was supposed to improve service delivery and sustainability of the community of our municipalities in South Africa, together with unethical dilemmas and poor democratic values, the impact of corruption and unethical conduct on the rapid spread of COVID-19 in South Africa. Effective and efficient is necessary for rendering of basic services to the citizens of the country.

**Keywords:** Corruption, Management, Community, Finances, Ethics, Unethical Conduct

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## 1. Introduction

Local government is the bedrock of economy, when local government fails, everyone suffers, as the collapse of governance will inevitably translate into essential infrastructure failures, sewerage leaks, water leaks and power cuts, business will struggle to operate, healthcare services will collapse and schools will struggle – livelihoods will be threatened – and it will affect every single person in the province. Public management ethical strategies are formulated to ensure more effective, efficient and sustainable service delivery, institutions may have management practices in place but it seems they do not function well. Corruption and Unethical conduct is almost out of control in the spheres of government.

## 2. Theoretical Approaches to Ethics

### 2.1. Institutional Ethics Approach

Institutional ethics approach focus on individuals within

institutions and requires them to justify their institutions to the community [6] outlines specific goals of such institutional ethics, namely;

Developing an awareness of ethical issues and problems.

Building analytical skills in ethical decision-making.

Stimulating moral imagination.

Cultivating an attitude of moral obligation and personal responsibility in public sector.

Fostering ethical conduct in the public service.

### 2.2. Empirical Theory

Empirical theory concerns itself with relation to generalizations about observable reality with this reality consisting primary phenomena which can be perceived by the senses and "based on the premise that all human knowledge is gained through experience and that only true accurate knowledge of reality is gained through sensory experiences" [10].

Consequentialism and Non – consequentialism Approach.

Consequentialists adopt the perspective that actions can

only be justified with reference to the end or outcomes they achieve. “A person who follows this perspective would make a decision after weighing up foreseeable consequences and choosing the alternative that produces the better result”. Non-consequentialist approach to ethics survive by an uncompromising, moral legalism which requires adherence to duty, principle or absolute truth, as more important than consequences [1].

### 3. Global Ethics and Environmental Factors

The view of global ethics is that shared values such as liberty and diversity exist universally and that ethics is a practical necessity. The idea is not to legislate by policies and rules but to inspire and give insight [11]. According to Kung 2010; there can be no survival without world ethics.

#### 3.1. Ethics and Politics

Politics through its role of allocating power, seems to be the prominent environmental factor concerning ethical conduct. The problem is that most politicians do not put the public interest foremost or the norm may be that individuals buy favours on a regular basis for politicians [7]. The ethical conduct of politicians needs close scrutiny through different mechanisms. Studies have shown that corruption in the South Africa compromises the capacity of government to deliver public good to its citizens [17].

#### 3.2. Ethics and the Social Dimension

Social ethics is not easy to define because the focus is on the appropriate behavior of people as a whole rather than on individual morals. True: “According to [9] aspects and standards of ethics in a social context refer to gender, culture, religion and family values” [9].

#### 3.3. Ethics and Economics

True: “According to [2] “the point of relating ethics to economics is to understand, manage and fulfil the heterogeneous and often conflicting values, interests and capacities of large numbers of individuals operating within the constraints of limited resources”.

#### 3.4. Corruption

Corruption is commonly referred to as the betrayal of public trust for reasons of private interest [4], “it is the promotion of selfish interests at the expense of public interest, against the overall objectives of the organization by whoever is in charge and responsible within the area of work”. Corruption worldwide is defined by the World Bank, the United nations as the betrayal of entrusted power for private gain [8].

Corruption is born out of a deep rooted conflict between the power of those who rule and the claims of those who do not. This conflict helps to define the powers, privileges and limits attendant on various roles in politics and society [12].

True: “According to [5] “corruption takes various forms including fraud, embezzlement, extortion, conflict of interest and other forms of abuse of power for either personal or institutional gains” [5]. True: “According to [17]” political distrust can be defined as a relational attitude that reflects perceptions of untrustworthiness specific to the political system in its entirety or its components.

### 4. Prescribed Guidelines

In terms of ethical governance in South Africa the following prescribed guidelines can be identified:

Legal rules.

Administrative justice.

Codes of ethics.

Fundamental rights.

The following aspects comprise acceptable behavior on the part of the public officials:

All dealings must be in the public interest.

All dealings must be transparent and open.

No financial resources should be wasted.

The actions of public officials may not benefit or wrong any individual.

There must be strict adherence to all legal prescriptions and regulations.

Preventing systematic corruption.

In a systematic corrupt system numeric contributions may add to the corruption. It follows that removing one of them will not solve the problem. Because of the multi-dimensional dynamics of corruption, which in a complex system is self-sustaining an integrated programme to combat corruption is necessary. Certain unethical practices by officials occur in the course of systematic corruption, because they became so accustomed to such unethical practices that when they get caught out they claim innocence and unfair treatment [3].

#### 4.1. Auditor General Report 2019/2020

An annual report by the Auditor General of South Africa Kimi Makwetu painted a bleak picture regarding the financial state of municipalities in South Africa. “He stated that 257 municipalities had been audited and that the number of clean audits in municipalities declined from 14% in the previous financial year to 8%”.

South Africa has one of the highest rates of inequality in the world, according to the World Bank. With unemployment at its highest, dwindling economic activities and poor infrastructure, it is often those in impoverished, underserved areas who depend on local government the most, True: According to [16] Since the lockdown businesses had stopped operating and this has negatively affected the employees as they do not get any source of income.

#### 4.2. The Spirit of Ubuntu/Humanism on Rendering Basic Services

It is imperative for our three spheres of the state to know

their mandate of service delivery to the citizens, our communities need basic services, like water and sanitation as a basic right and our government is mandated by them to render those services and more especially during the COVID-19 pandemic. “We dream of a local government that works in the people’s best interests, with improved infrastructure development to the people in order to enhance their lives and improve their conditions of living” [13].

As Alex Mabunda of Ntiyiso Consulting said: “Let the coronavirus be the dose that mutates us into a citizenry that cares about its collective well-being”. Let us enter into a partnership to transform the economy and strengthen our nation against any future attacks. Lest the tide settle on us again.” [6]

Eastern Cape Provincial Municipalities hit rock-bottom.

The Auditor General’s Report was especially damning for municipalities in the Eastern Cape – it showcases the deteriorating state of local government in the province:

83% of municipalities are facing significant cash-flow restraints.

38% of municipalities’ expenses exceed their revenue.

24 municipalities are unable to pay their creditors.

Only 1 municipality received a clean audit.

15 municipalities received unqualified audits findings.

13 municipalities received qualified audits with findings.

A staggering 8 municipalities received disclaimers.

Accumulated irregular expenditure stands at over R 11 billion, (R2.5 billion for the last financial year).

A total of 69% of municipal debt in the Eastern Cape is irrecoverable. The lack of transparency in government disbursement of COVID-19 donations, aid and loans in South Africa erodes public confidence in government and increases citizens’ distrust of government and its institutions. [18]

A lack of accountability resulted in the regression of 13 municipalities.

The result is that municipalities are failing to respond to the needs of the people. As infrastructure and basic service delivery continues to deteriorate.

Poor financial management in Eastern Cape and other provinces on their municipalities.

Auditor General’s report reveals the municipalities where money goes to waste; With only 21 municipalities achieving a clean audit, more than R1-billion spent on consultants and over R32-billion in irregular expenditure, the auditor general’s report this week unveiled the extent of the meltdown of South Africa’s municipalities. “the Amathole district municipality spent more than R27-million on one financial consultant, although it is already spending R96-million on salaries in the financial department”. [15].

Makwetu also noted that there “has been an increase in irregular expenditure, to R32-billion”. The biggest culprit was the eThekweni metropolitan municipality in KwaZulu-Natal, which incurred R2.34-billion of irregular expenditure. The report notes that in the 2018-19 financial year, 58% of irregular expenditure was incurred because of noncompliance with the proper procurement process for the construction of toilets at informal settlements and schools [14].

An amount of pent about R240-million on legal services. “Irregular expenditure identified in the previous year was not investigated at 125 municipalities (55%),” reads the report. “These submission challenges persisted even after discussions with the municipal manager in audit steering-committee meetings, in which she committed that officials must retrieve and submit the requested tender documents to her office.” [15]

“Some tender documents were subsequently submitted, but these could not be audited because they did not contain all the required information, such as scoring sheets and advertisements,” reads the report. In the municipalities where such findings had been made in the previous financial year, 44% did not bother to investigate these findings.

#### ***4.3. Corruption of Public Funds by Public Officials During COVID-19 Pandemic: A Case of OR Tambo District Municipality***

The OR Tambo District Municipality is a Category C municipality located to the east of the Eastern Cape Province, on the coastline.

#### ***4.4. R4.8 Million Door-to-Door Campaign Scandal***

A company contracted by the OR Tambo district municipality to go around door to door raising awareness about the COVID-19 crisis was paid R4.8 million without anyone’s doors actually having been knocked on. “The company, Phathilizwi Training Institution, claimed that those contracted to carry out the campaign had spoken to some 6 400 people”, but it has been reported that hardly any of the names that appeared on the worker’s forms were contacted [15].

Suspended municipal manager Owen Hlatzo, who was removed from office pending an investigation into irregular spending amounting to nearly R170 million in June 2020. True: According to [19] The inequality and injustice that characterizes the distribution of COVID-19 relief materials, cash payments and cash transfers in South Africa.

## **5. Reposition Institutions for Good Governance**

To promote good governance, ethic environment and increased service delivery, basic elements should be in place:

Efficient accountability mechanisms: administrative procedures, audits, agency performance evaluations and oversight mechanisms.

Workable codes of conduct: statement of values, roles, responsibilities, obligations and restrictions.

Political commitment: politicians should emphasize the importance of transparency and ethics, set example and support good conduct with adequate resources.

Professional socialization mechanisms: education and training.

The Anti-Corruption Strategy as a tool to eradicate corruption:

Fraud and prevention plan.

Whistle blowing policy.  
Anti-corruption workshops.  
Strategic objectives related to fighting corruption.  
Systematic approach to fighting corruption.

## 6. Legal Framework for Good Public Financial Management

The Constitution of the Republic of South Africa, 1996.

Section 215 of the Constitution of the Republic of South Africa, 1996 prescribes that the National, Provincial and Municipal budgets must promote transparency, accountability and effective financial management of the economy, debt and the public sector.

## 7. Recommendations

It doesn't get any worse than this – the silver lining is – it can get better, unless the Premier and the MECs of COGTA together with Provincial Treasury to formulate a special task team for the evaluation of distressed municipalities in the Eastern Cape with a specific focus on:

The filling key vacancies to create stability.

Action audit outcomes.

Fostering a culture of zero-tolerance for non-compliance.

Increasing the capacity of municipalities to handle their own financial affairs.

Consequence management for transgression of legislative prescripts.

Zero tolerance on corruption.

Implementation of public administration principles.

## 8. Conclusion

The state is in charge of good governance in all the spheres of government and is expected to be accountable, effective, efficient and those in power to face consequence management and to be fired. Service delivery is a serious matter to the South African citizens and those that are looting resources must be jailed and all public funds must be protected by all those in power. All chapter 9 institutions must play their roles in managing the financial resources of the state. "They must fulfill a vital role in holding public officials accountable for maladministration, irregular spending, financial mismanagement of funds and expenditure of resources.

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